

# Mixed General Meeting of Shareholders

4 May 2006



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# Disclaimer and Cautionary Statements Concerning Forward-looking Statements

Figures are unaudited.

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predicated on or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and AXA's plans and objectives to differ materially from those expressed or implied in the forward looking statements (or from past results). These risks and uncertainties include, without limitation, the risk of future catastrophic events including possible future weather related events and /or terrorist related incidents. Please refer to AXA's Document de Référence for the year ended December 31, 2005 and AXA's Annual Report on Form 20-F for the year ended December 31, 2004, for a description of certain important factors, risks and uncertainties that may affect AXA's business.

Certain of the forward-looking statements made herein, including those with respect to AXA's Ambition 2012 project, include statements regarding estimated revenues, earnings and other financial projections for the next several years. Our ability to achieve these projections over the next several years is highly dependent on a number of assumptions and factors which are inherently unpredictable and uncertain, including the following: the performance and stability of financial markets, general economic conditions, competitive conditions, the effect of future acquisitions and/or divestitures, changes in laws or government regulations (including changes in tax laws), the nature, frequency and severity of future catastrophic losses, the nature, frequency and severity of future terrorist events as well as the various other risks and uncertainties referred to in AXA's Document de Référence for the year ended December 31, 2005 and AXA's Annual Report on Form 20-F for the year ended December 31, 2004. Given the inherently unpredictable and uncertain nature of these assumptions and factors, these estimates and projections should not be relied on as predictions of actual results, but should be viewed as estimates and projections based on assumptions which may or may not be correct or achieved. There can be no assurance that we will be able to meet our targets, including those with respect to AXA's Ambition 2012 project.



# **2006 Mixed General Meeting of Shareholders**

**Claude Bébéar**

**Chairman of the Supervisory Board**

# **Mixed General Meeting of Shareholders**

## **4 May 2006**

- Approval of the parent company and consolidated financial statements of the AXA Group at 12/31/05
- Approval of the appropriation of earnings and the dividend proposal of €0.88 per share to be paid on 12 May 2006
- Appointment of a member of the Supervisory Board
- Renewal of Statutory Auditor
- Financial authorisations

# **2006 Mixed General Meeting of Shareholders**

**Henri de Castries**

**Chairman of the Management Board**



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1. [The AXA Group in 2005](#)
2. **2005 consolidated results**
3. **Balance sheet, financial position and share performance**
4. **Ambition 2012 and outlook for 2006**

# The highlight of the year was the launch of our company project **Ambition 2012**

Ambition 2012 is about becoming “the Preferred Company”

This project is aimed at



Getting “everybody on board” thanks to the emotional appeal of the ambition



Accelerating organic growth through differentiation from competitors from customers’ point of view



# The road to 2012 begins in 2005, with growth in line with long-term targets...

Growth on a comparable basis

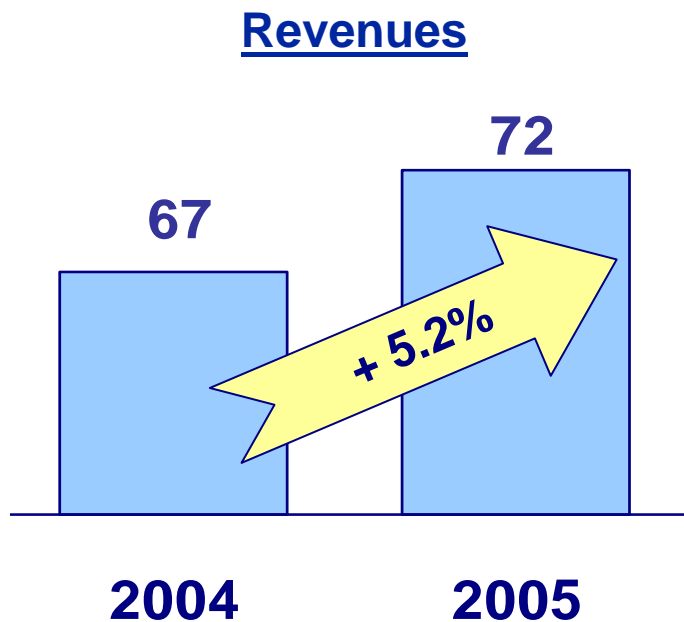
	Δ 2003/04 FGAPP	Δ 2004/05 IFRS	LT Growth targets
Life & Savings APE	+7%	<b>+11%</b>	+5%/+10%
P&C revenues			
- Individual lines	+4%	<b>+4%</b>	+3%/+5%
- Commercial lines	+6%	<b>+1%</b>	+3%/+5%
Asset Management Revenues	+14%	<b>+14%</b>	>+10%

APE (annual premium equivalent) represents 100% of new business regular premiums + 10% of new business single premiums



# AXA revenues: diversified growth

- Euro billion, on comparable basis



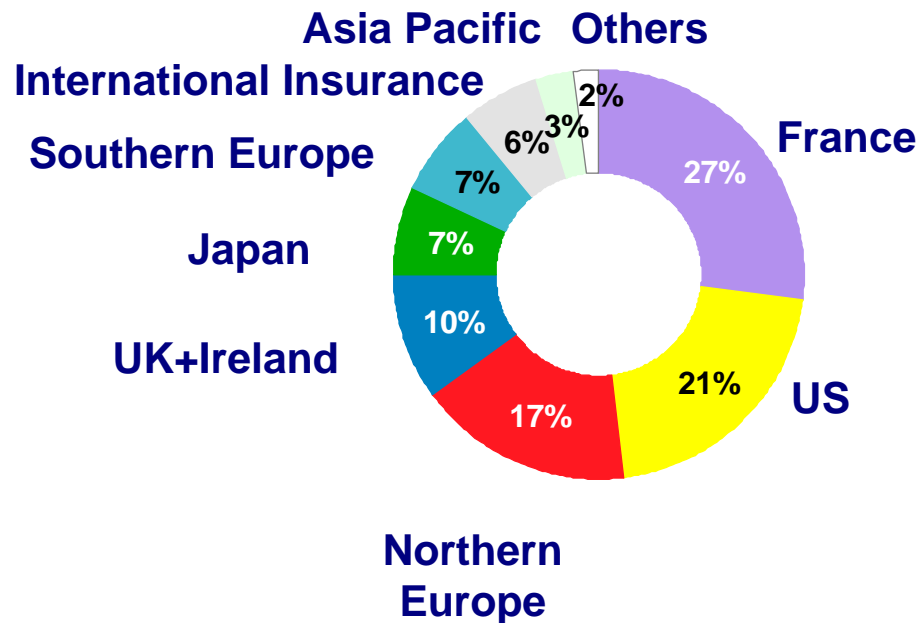
Activity Indicators

Life and Savings APE	+11%
P&C revenues	+3%
- Individual lines	+4%
- Commercial lines	+1%
International Insurance revenues:	+10%
Asset management revenues:	+14%

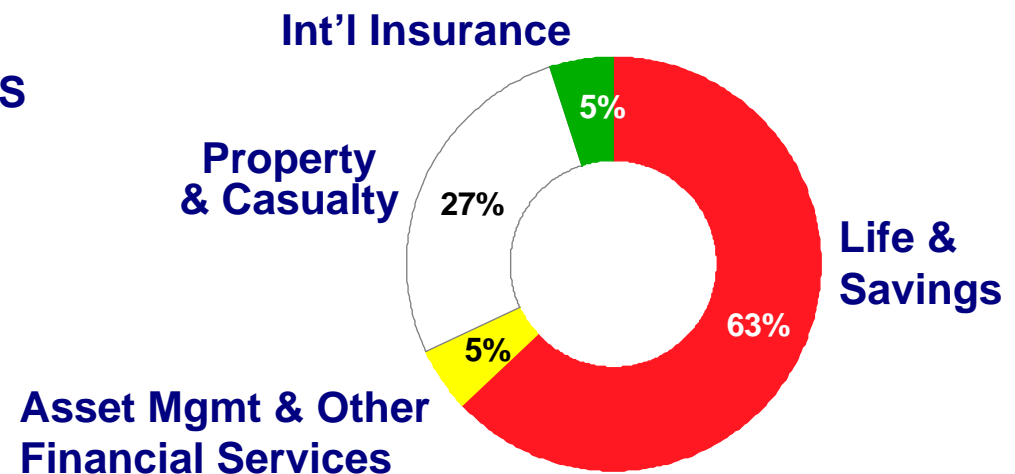
# Revenue diversification

- Geographic diversity allows us to limit our risks

## FY05 IFRS insurance revenues by geography



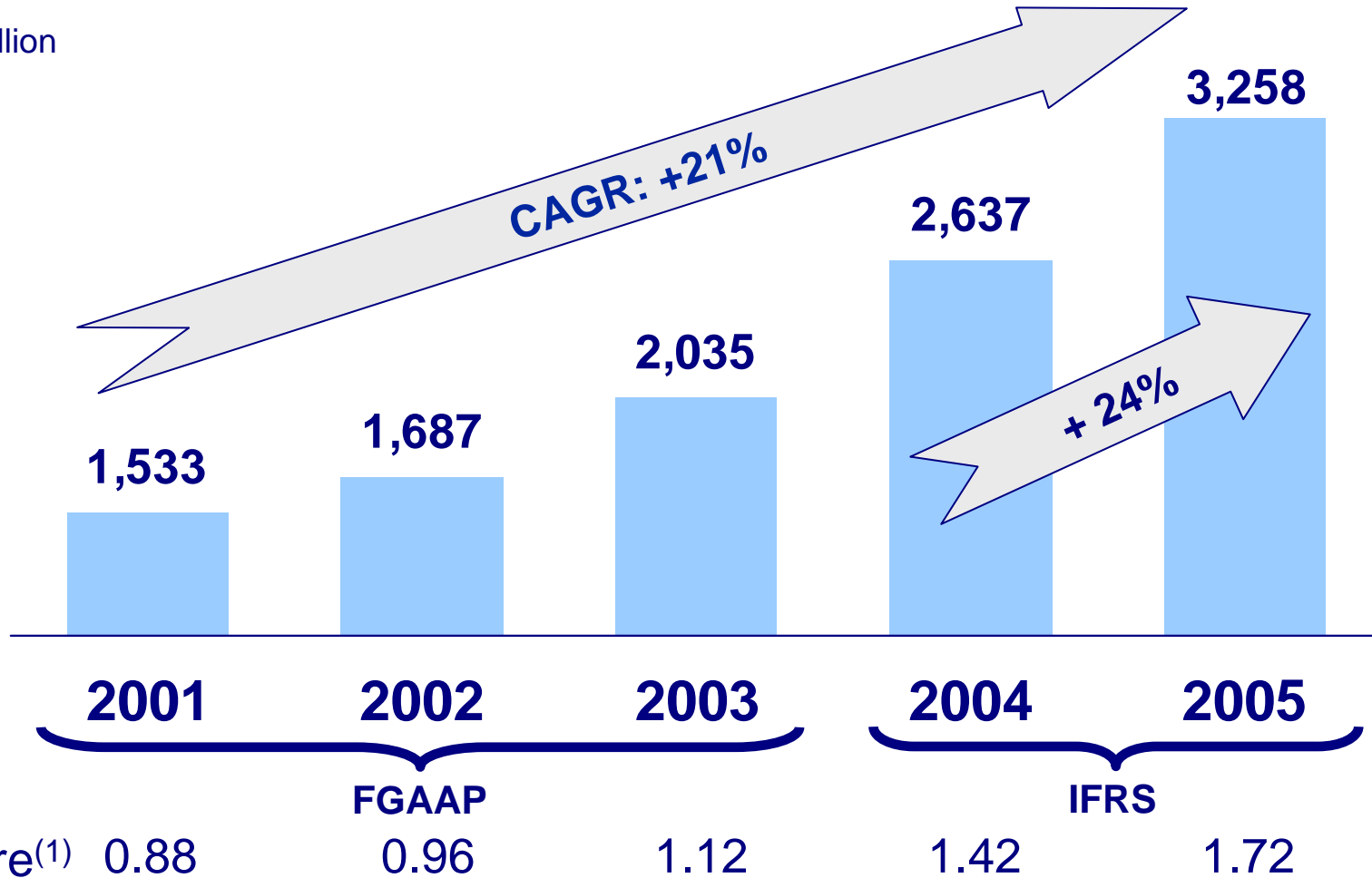
## FY05 IFRS revenues by operating segment



# Strong growth of underlying earnings

## Underlying Earnings

Euro million

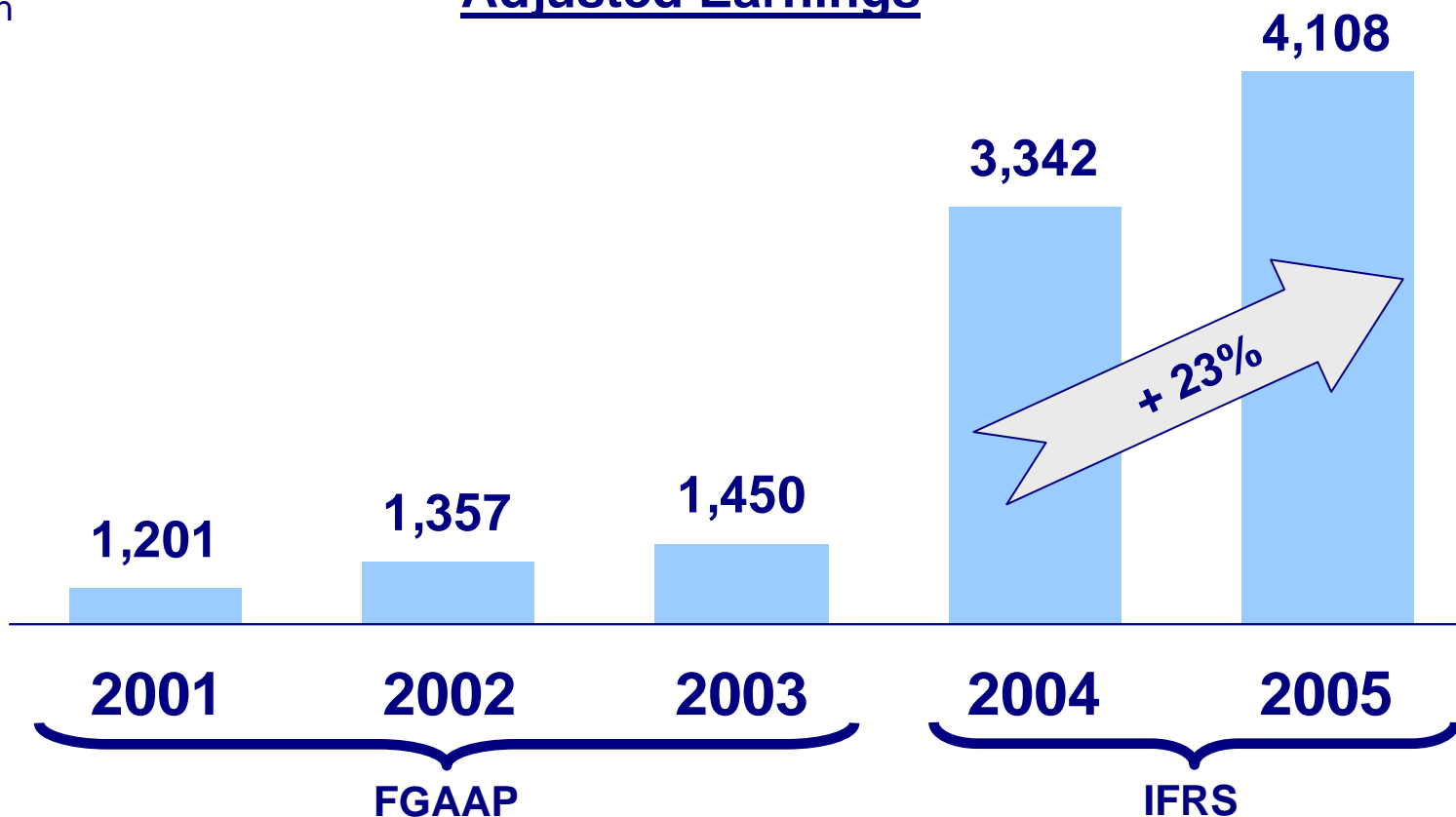


(1) Euro - Fully diluted

# Adjusted Earnings are reflecting the benefits of having maintained a significant equity exposure

Euro million

## Adjusted Earnings



Net realized capital gains/losses attributable to shareholders:

229

-240

-585

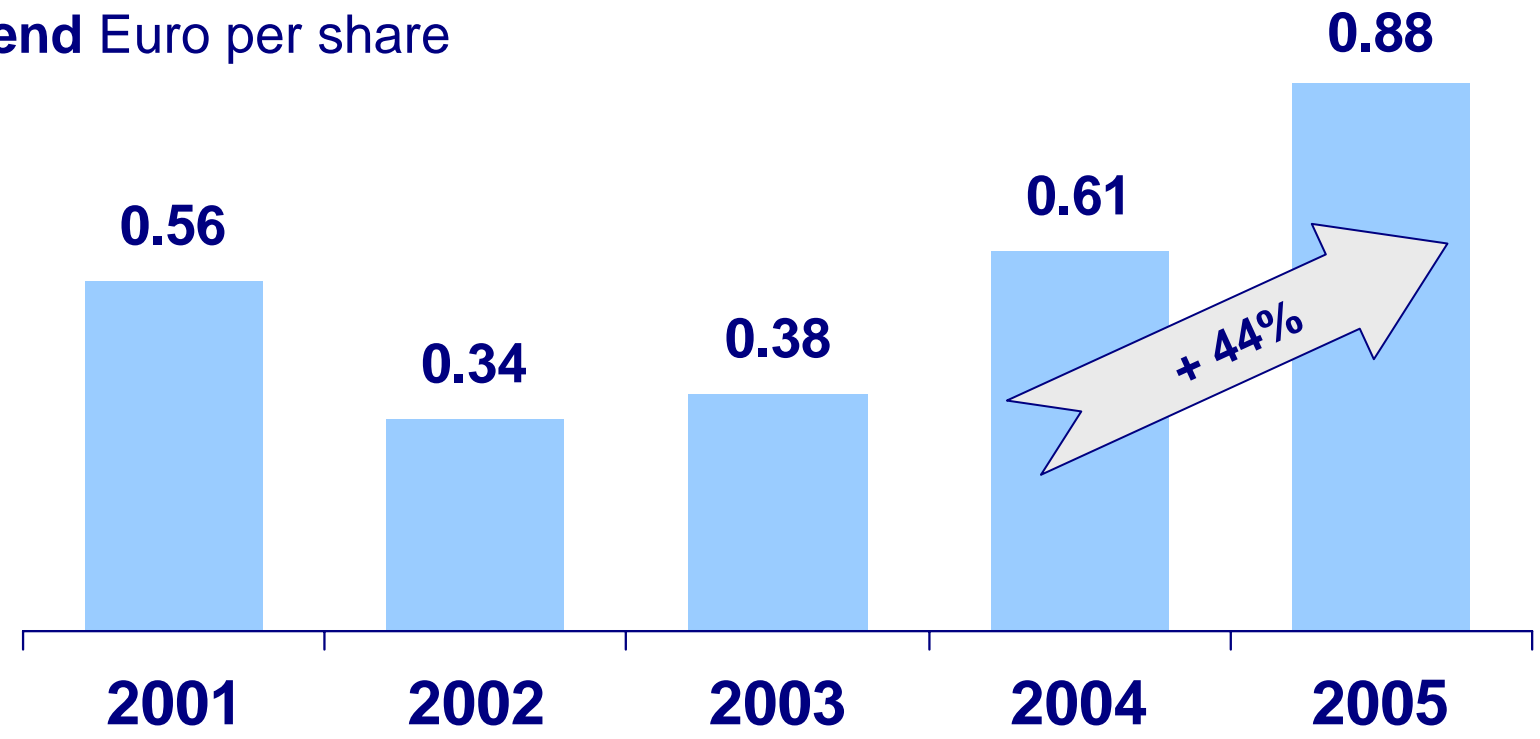
705

850



# Our performance boosts our capacity to pay out a higher dividend

Dividend Euro per share



Yield	2001	2002	2003	2004	2005
	2.39%	2.66%	2.24%	3.36%	3.23%



# Recent strategic initiatives will contribute to future growth

Joint ventures



Bharti (India, Life & Savings)  
Affin (Malaysia, Life & Savings)

Start-up operations



Poland (Direct Motor)

Regional platforms



Northern Europe  
AXA Life Europe

Acquisitions



Framlington (UK, Asset Management)  
Seguro Directo (Portugal, P&C)  
Citadel (Canada, P&C)  
MLC (Hong Kong & Indonesia, Life and Savings)

# **2006 Mixed General Meeting of Shareholders**

**Denis Duverne**

Member of the Management Board  
Chief Operating Officer Finance,  
Control and Strategy



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# Very strong underlying performance in 2005

<i>IFRS- in Euro</i>	<b>2005 (Millions)</b>	<b>2004 (Millions)</b>	<b>% Change</b>	<b>2005 per share (1)</b>
<b>Underlying earnings</b>	<b>3,258</b>	<b>2,637</b>	<b>+24%</b>	<b>1.72</b>
<b>Adjusted earnings</b>	<b>4,108</b>	<b>3,342</b>	<b>+23%</b>	<b>2.16</b>
<b>Net income (Group share)</b>	<b>4,173</b>	<b>3,738</b>	<b>+12%</b>	<b>2.19</b>



(1) Fully diluted

# Life & Savings: robust 24% underlying earnings growth

Underlying earnings (Euro million)

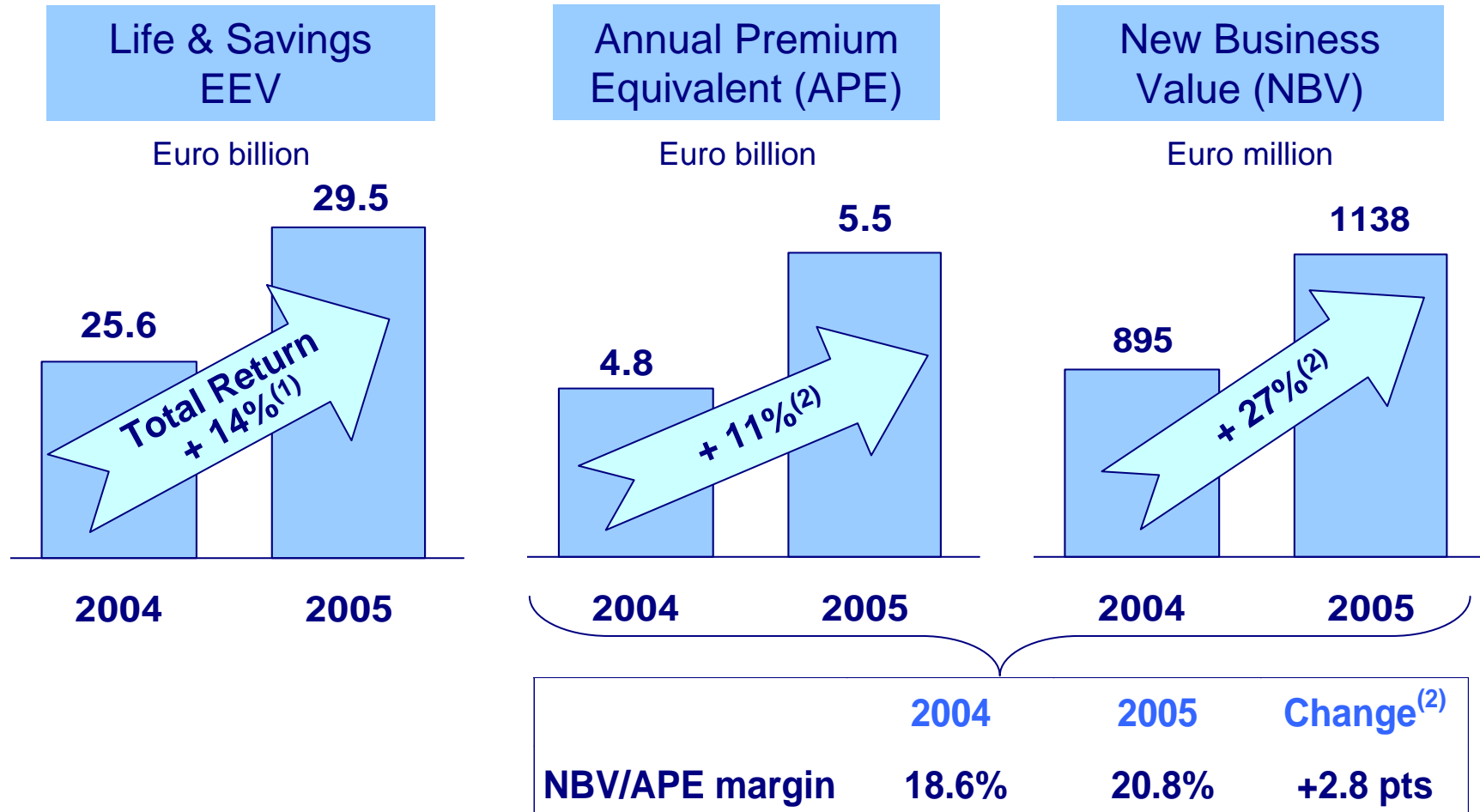
	2005	% Change at constant FX
United States	866	+31%
France	387	+10%
Japan	266	+88%
Other countries	413	+2%
<b>Total Life &amp; Savings</b>	<b>1,931</b>	<b>+24%</b>

+15%  
excluding Mony

# Definitions of reference indicators for the analysis of profitability in the Life & Savings business

- The Embedded Value (EV) of the Life & Savings business measures the present value of amounts available for shareholders currently and in the future. In 2005, AXA adopted European Embedded Value (EEV), which is based on principles defined by the CFO Forum (forum of European insurance company CFOs). EEV harmonises calculation methods and better reflects the value of guarantees given to customers.
- New Business Value (NBV) is the value of future earnings on new contracts.

# Strong Life & Savings 2005 EEV and New Business metrics



(1) Total return excludes the impact of capital transfers, modeling changes and foreign exchange.  
 (2) On a comparable basis (constant exchange rates and scope (MONY 1H05)).

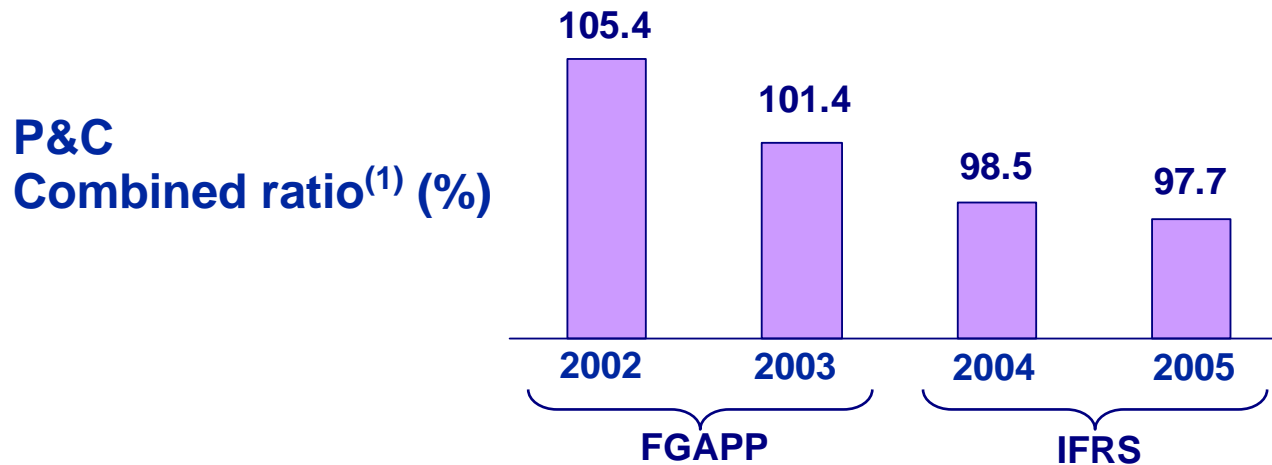
# Significant improvement of Life & Savings NBV in the three main countries

Group share in Euro million, except change and margins in %	2005	Change <sup>(1)</sup>	NBV/APE margin	
	NBV	from 2004	2005	2004
Japan	364	+34%	61.8%	55.3%
US	284	+18%	16.7%	15.7%
France	157	+52%	14.6%	10.9%



(1) On a comparable basis (constant exchange rates and scope (MONY 1H05)).

# P&C earnings boosted by continued combined ratio and investment income improvement



<i>Euro million</i>	2005	Improv't from 2004
Technical Result <sup>(2)</sup>	<b>435</b>	<b>+164</b>
+ Investment income <sup>(3)</sup>	1,451	<b>+171</b>
- Tax, MI & other	-540	<b>-92</b>

➔ P&C underlying earnings of Euro 1,346m, up 22% from 2004



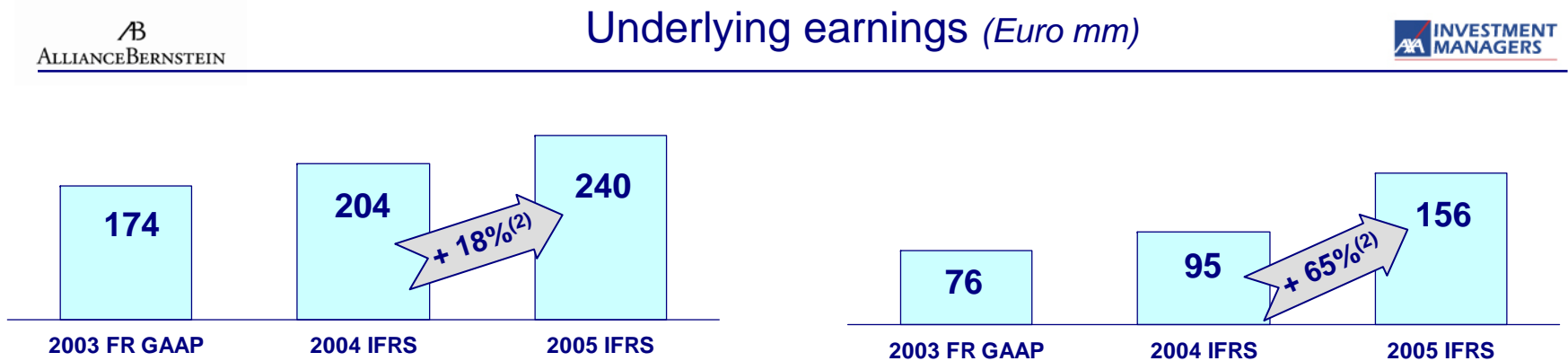
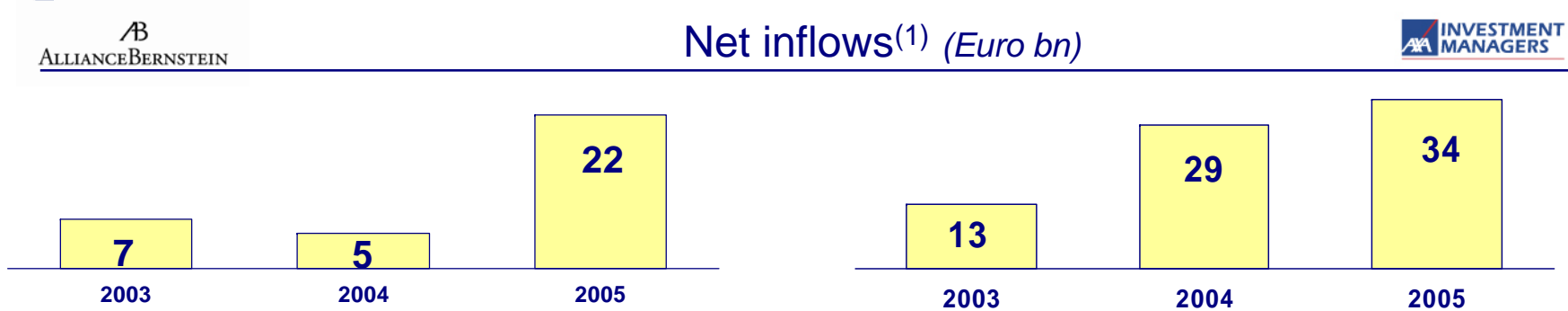
(1) Combined ratio = (gross claims charge + net result of reinsurance ceded + expenses) / gross earned revenues.  
 (2) Net technical result, including expenses.  
 (3) Including financing charges.

## International insurance: good performance in a challenging environment for the reinsurance business

	AXA Corporate Solutions Assurance		AXA RE	
	2005	2004	2005	2004
Combined ratio	<b>100.9%</b>	100.1%	<b>112.5%</b>	100.8%
Underlying earnings	<b>72 M€</b>	50 M€	<b>11 M€</b>	96 M€

- Combined ratios reflect disciplined underwriting in a challenging environment.
- AXA RE results are impacted by a Euro 572m pre-tax cost of 2005 major losses, including Katrina, Rita and Wilma hurricanes, versus Euro 256m in 2004.
- AXA CSA results were impacted by more competitive price environment in Aviation and Liability and by a slight increase in claims from French and UK motor.

# Asset Management: record net inflows of Euro 56 bn in 2005 and strongly improved earnings (+32%)



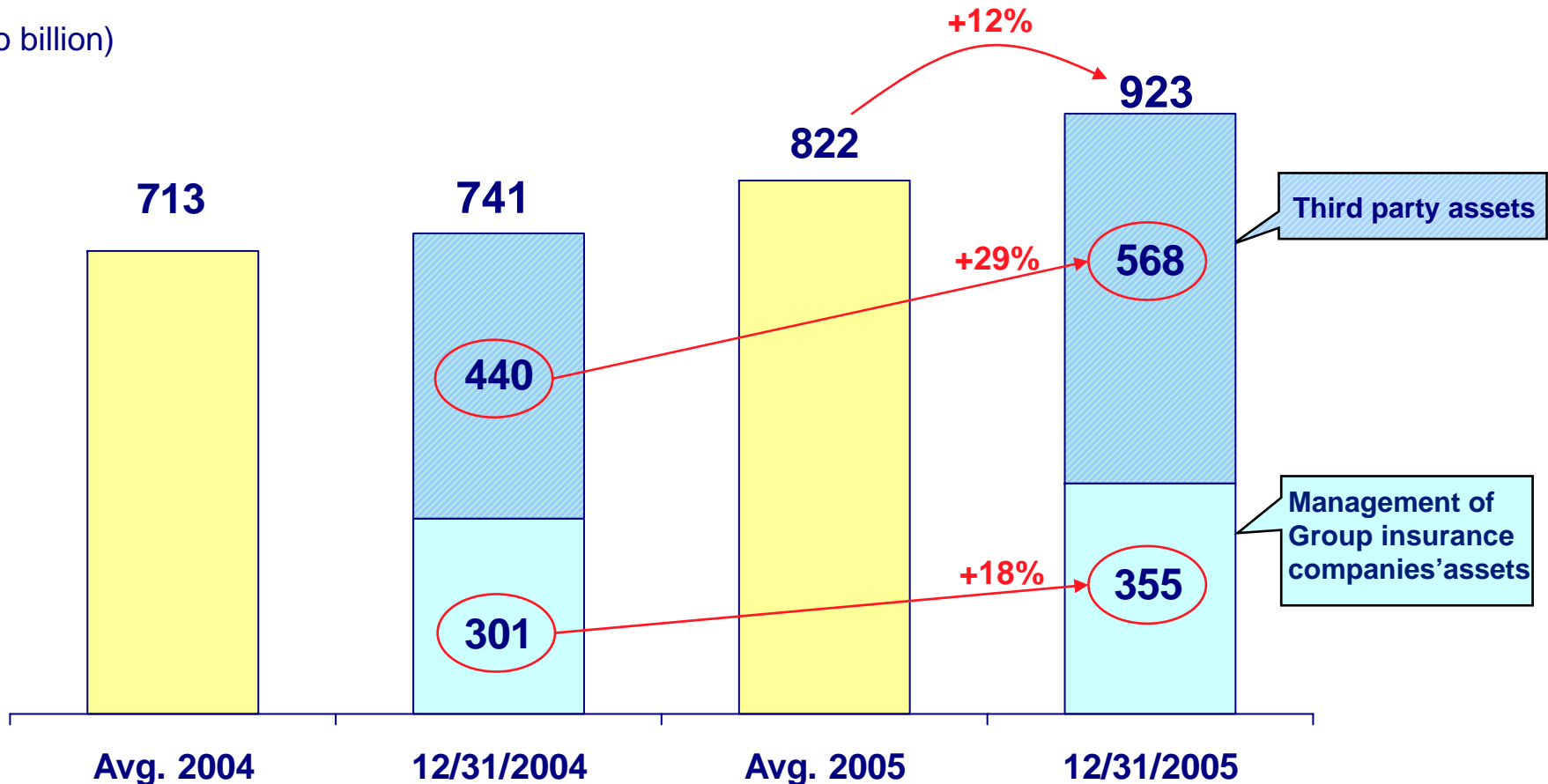
- (1) Sales net of redemptions, excluding the impact of change in scope at AllianceBernstein mainly linked to the sale of Alliance Capital Cash Management Services
- (2) At constant exchange rate

# Asset Under Management reach an all-time high and bodes well for future growth

## Asset Managers AUM

(AXA Investment Managers & AllianceBernstein)

(Euro billion)



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# In 2005, we continued to tightly manage our capital base

Scope optimization



Sale of Advest (US)

Acquisitions and Joint Ventures

Simplification of corporate structure



AXA-Finaxa merger

AXA Konzern minority buyout

Innovative risk and capital management



Securitization of AXA France individual motor portfolio

Dilution control

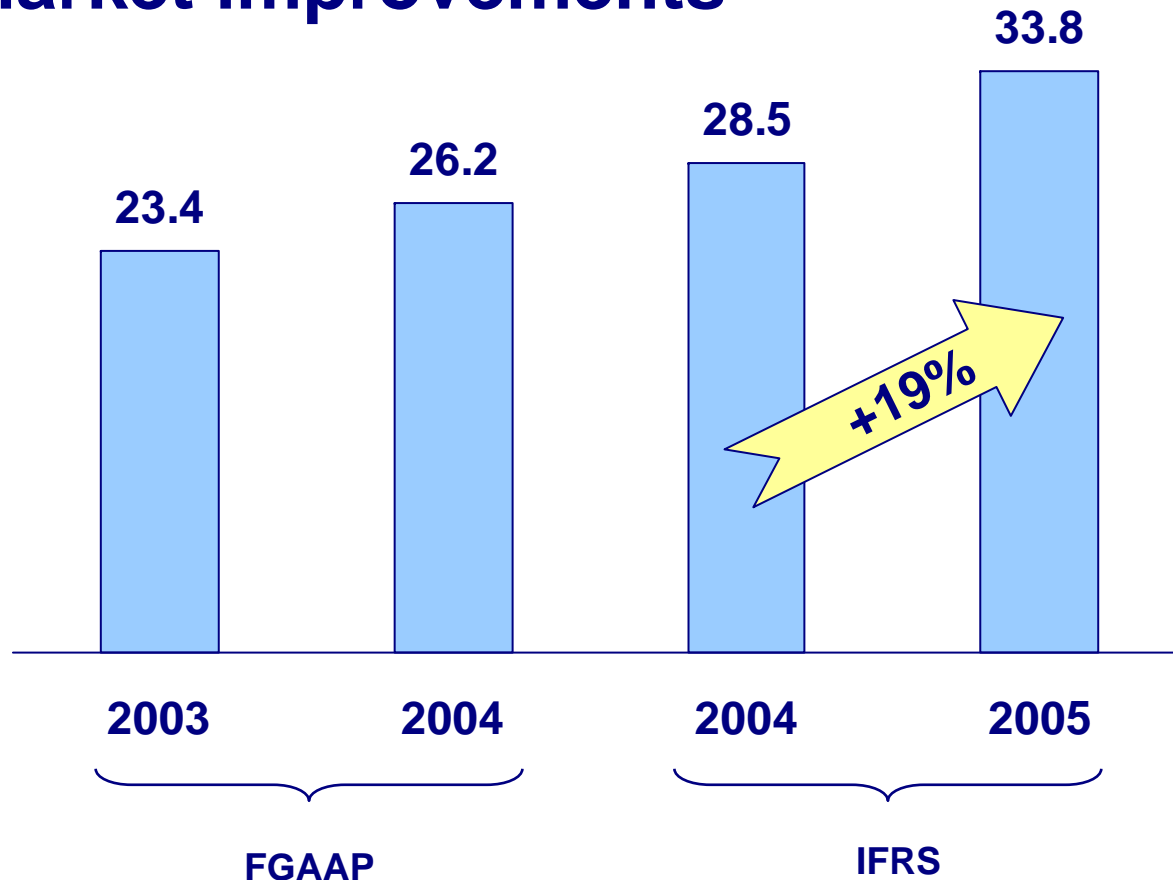


Open market stock purchases

Buy-back of Finaxa exchangeable bonds

# Shareholder's equity: strong growth driven by earnings and market improvements

*Shareholders' equity excluding minority interests (€ billion)*



*Return on Equity\* (ROE)*

6.3%

12.4%

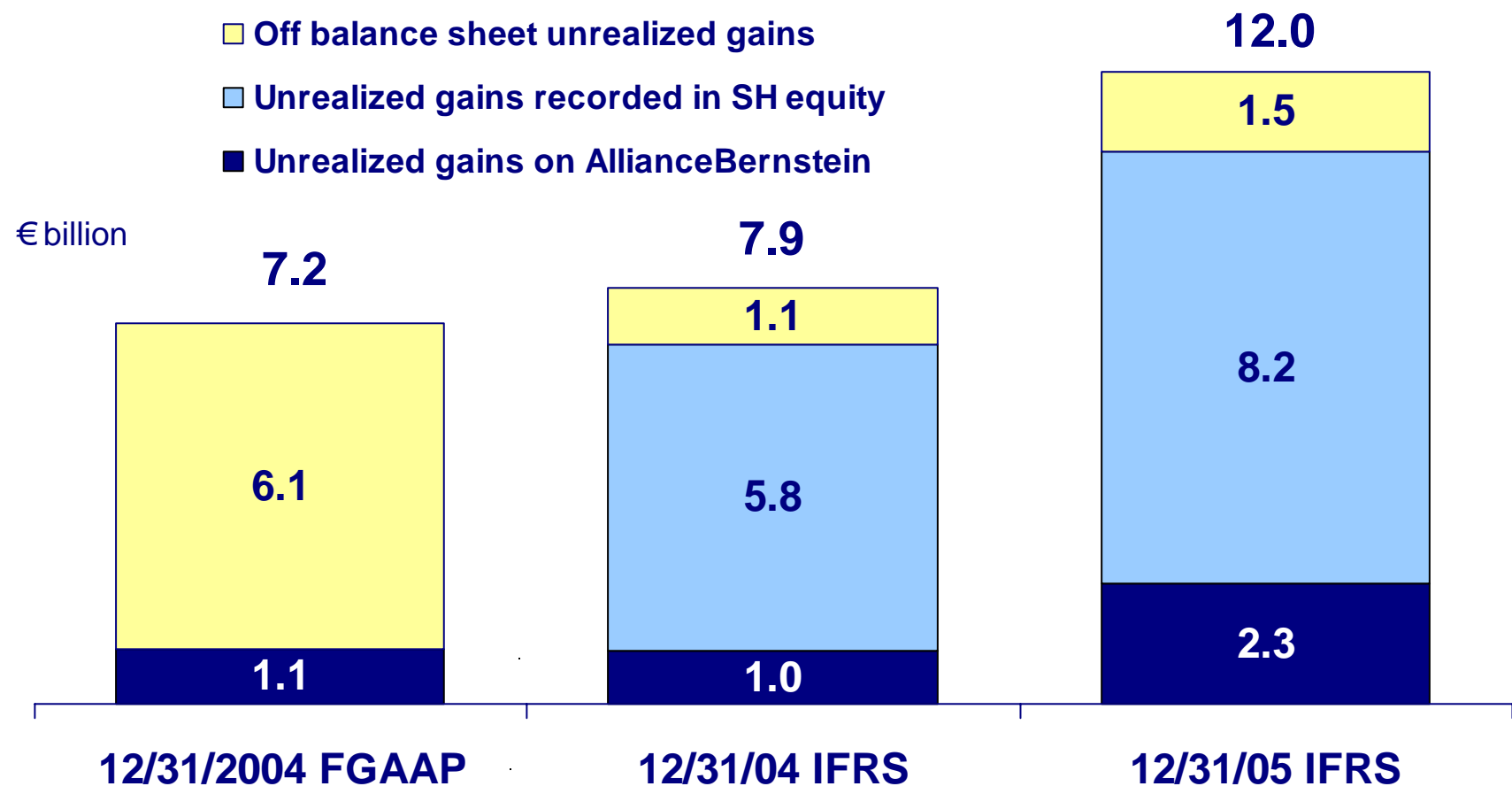
18.1%

18.4%



\* Adjusted earnings / shareholders' equity, excluding unrealized capital gains under IFRS.

# Unrealized capital gains attributable to shareholders (after tax)



For 2006, barring any significant downturn in equity markets, net capital gains should be between Euro 600 and Euro 800 million

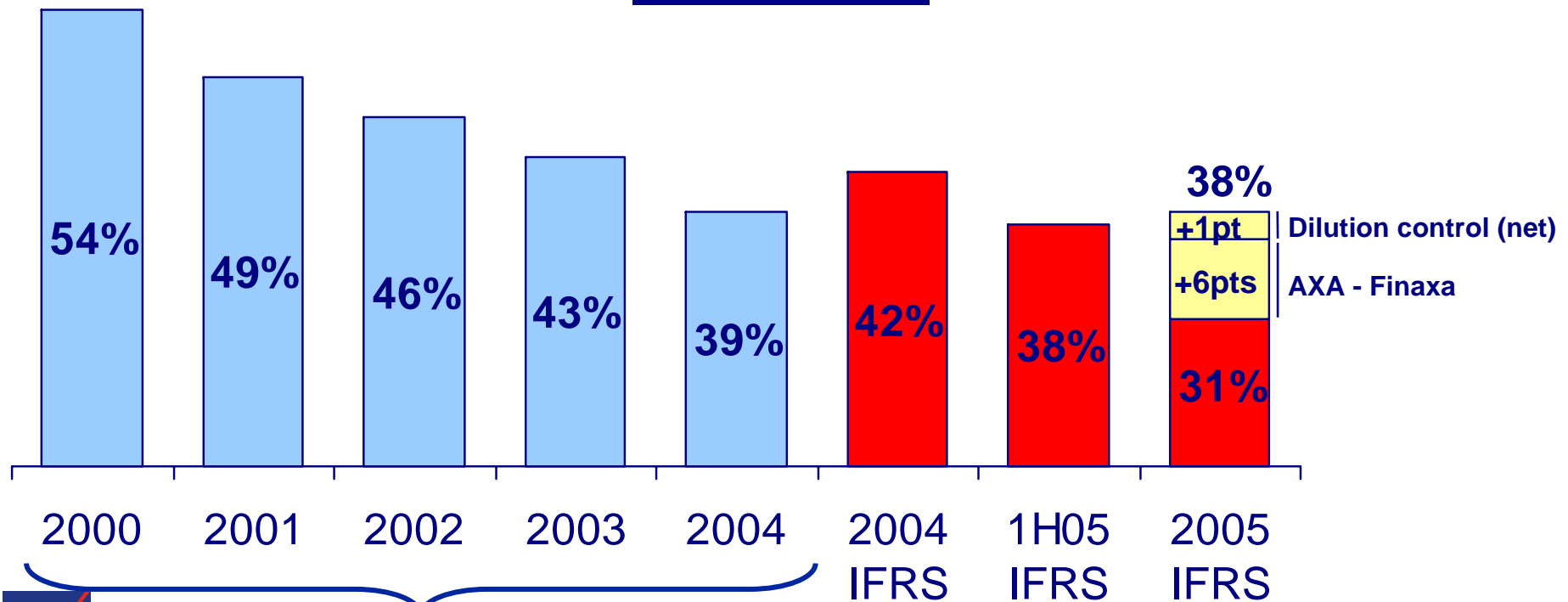


# Strong and rapid deleveraging of the balance sheet gives us increasing flexibility

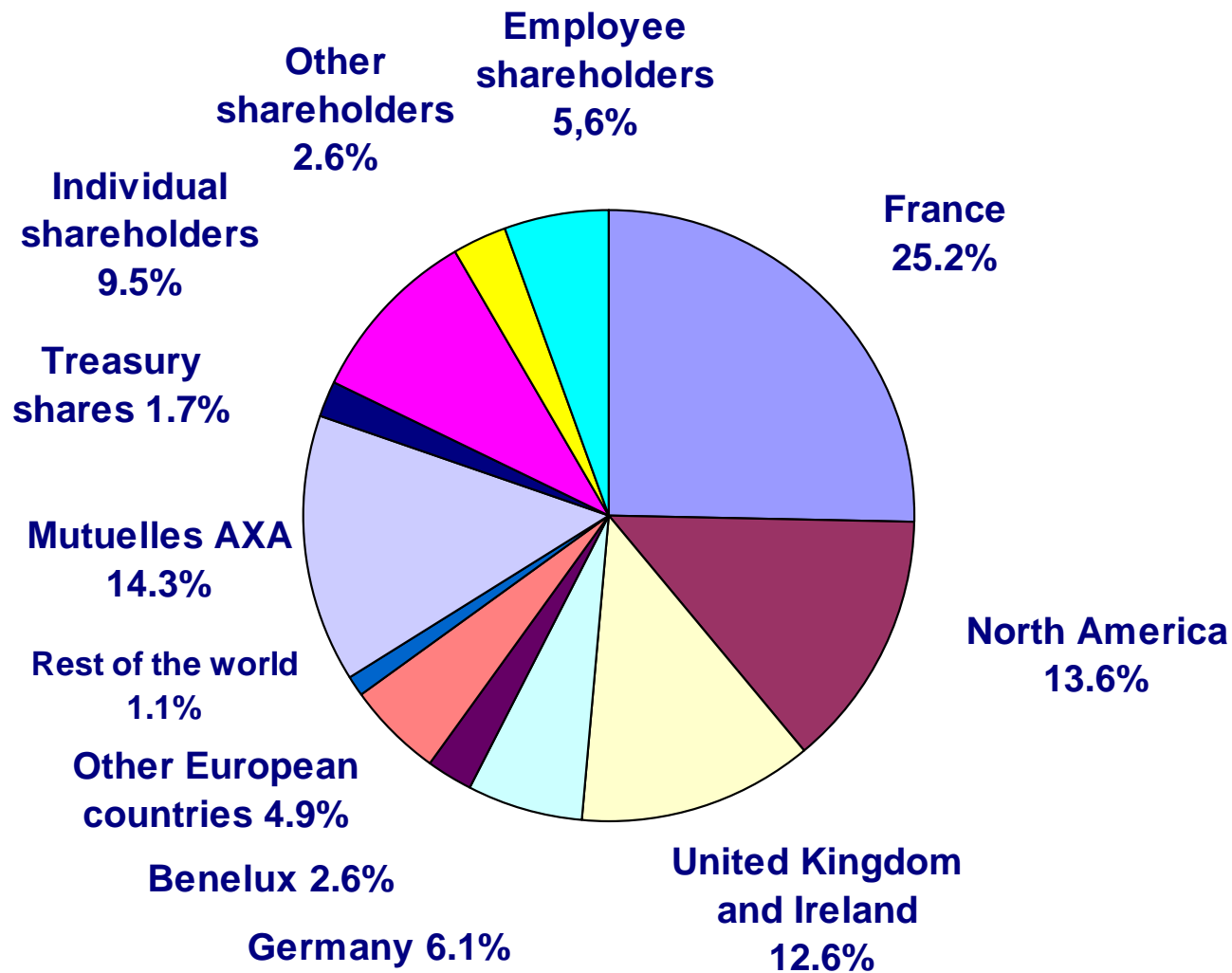
Gearing down by 4 points from 2004, despite impacts of:

- ▶ Merger with Finaxa: 6 points increase of gearing ratio
- ▶ Dilution control net impact: 1 point increase of gearing ratio

## Gearing Ratio



# AXA shareholders as of December 31, 2005



# One the top performers on its sector

At 05/02/2006	Since 01/01/2006	1- year performance	3- year performance	5- year performance	10-year performance
<b>AXA</b>	<b>8%</b>	<b>54%</b>	<b>68%</b>	<b>-13%</b>	<b>164%</b>
Aegon	4%	48%	31%	-61%	58%
Allianz	5%	44%	52%	-54%	14%
Aviva (GBP)	16%	39%	48%	-16%	38%
Fortis	11%	39%	65%	5%	174%
Generali	1%	26%	36%	-17%	75%
ING	10%	52%	80%	-14%	163%
Munich Re	-2%	30%	24%	-63%	62%
Prudential plc (GBP)	18%	39%	53%	-19%	50%
Swiss Re (CHF)	-6%	13%	6%	-47%	38%
ZFS (CHF)	9%	51%	49%	-37%	16%
<b>Stoxx Insurance</b>	<b>8%</b>	<b>41%</b>	<b>50%</b>	<b>-32%</b>	<b>78%</b>
<b>CAC 40</b>	<b>11%</b>	<b>33%</b>	<b>43%</b>	<b>-6%</b>	<b>145%</b>



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**Chairman of the Management Board**



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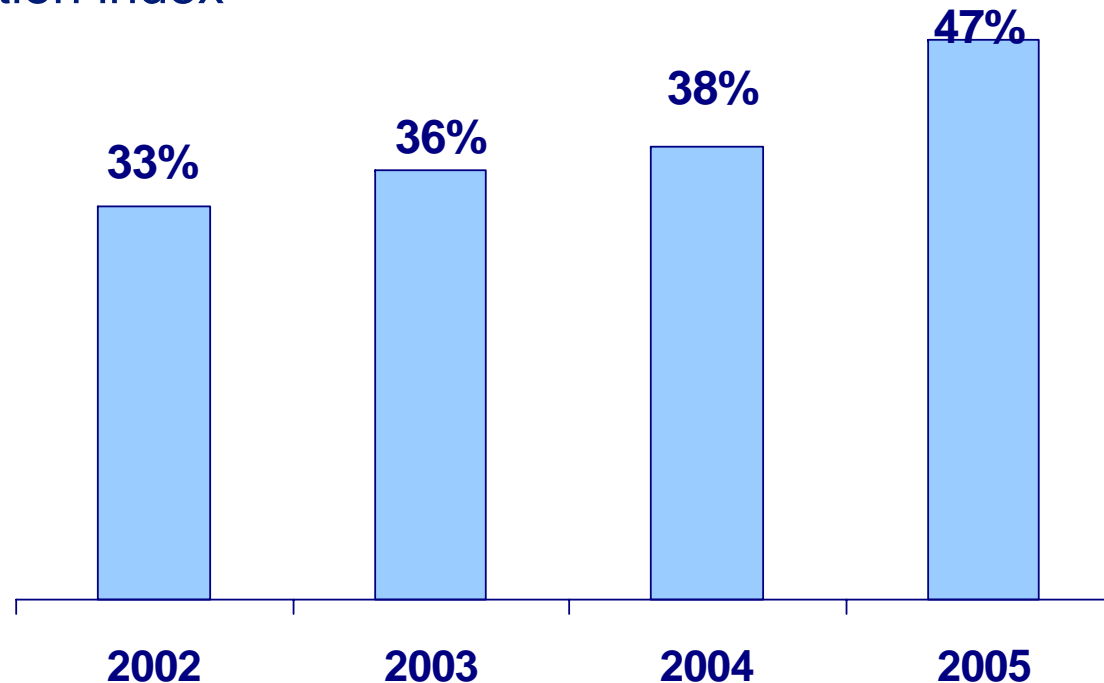
# Differentiating ourselves from competitors to become “the Preferred Company” in 2012

- We strongly believe that in the financial protection industry, true and long term differentiating factors are
  - Employee satisfaction and engagement
  - Customer satisfaction
- We are taking initiatives across the Group to improve on these two directions
- We factor employee relations and environmental issues into our differentiation strategy in order to meet our partners' demanding requirements

# Differentiation through satisfaction of AXA's employees

The annual *Scope* staff survey covers AXA's 90,000 employees and has a response rate of around 75%

Overall satisfaction index



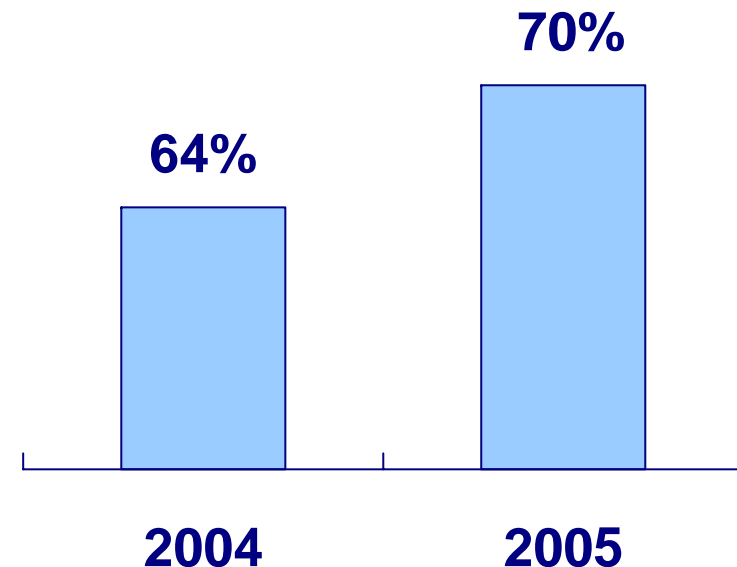
# Differentiation through engagement of AXA's employees

Superior performance = Competence x Engagement

## Competence

- Align teams' objectives on Group strategy and assess performance according to this strategy
- Support individual growth through rewarding career development
- Bring continuous improvement and change through training

## Employee engagement

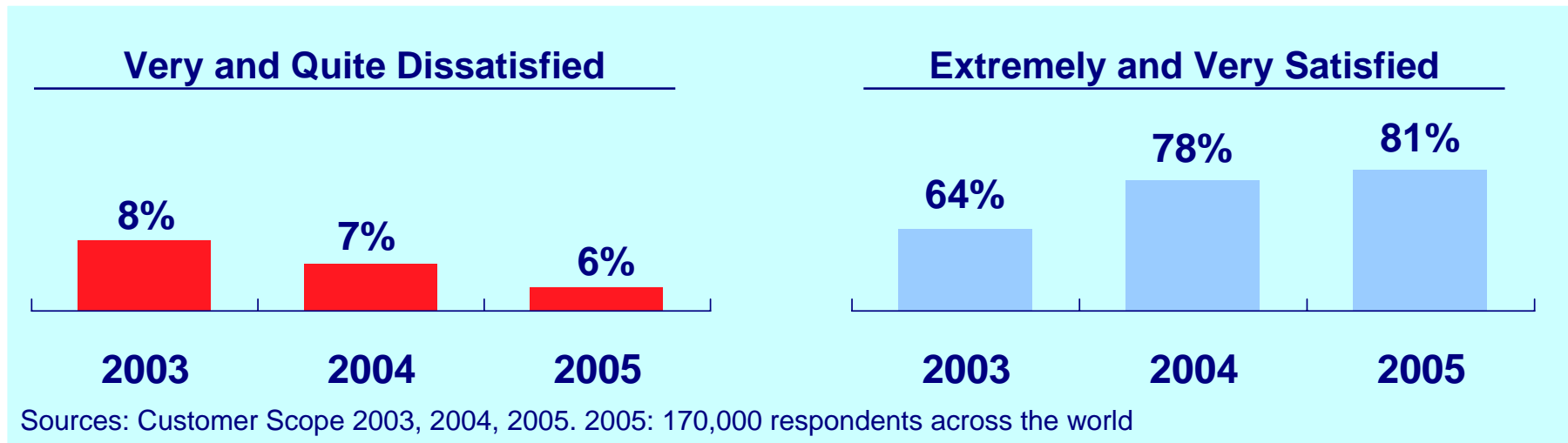


Sources: *Scope* 2004 & 2005

2004: 65,203 respondents / 2005: 67,889 respondents

# Differentiation through increasing focus on customer satisfaction

We are consistently measuring customer satisfaction across the Group:



The analysis of customer satisfaction and expectations, allows us to take actions on:



- Quality of service
- Product innovation
- Distribution Management

# We are improving our processes to deliver quality of service

Improve customer experience, notably on claims

- **AXA Belgium**: insure 94% of complaints answered in less than 10 calendar days

Move to service commitment

- **AXA France**: 82% of quotations in the P&C market for SME made in less than 72 hours.

Extend value proposition

- **AXA Germany**: development of a Disease Management Program which improves significantly policyholders' quality of life

# We are accelerating product innovation and product reuse

2005 performance benefited from new products launched across the Group

- **AXA France:** Savings offer *Odyssiel* (notably driving the 13% growth of APE in Q4 2005)

This trend should continue in 2006, with key products already or about to be introduced

- **AXA Equitable:** Retirement Income for Life launched in December 05

Innovation should accelerate through product reuse, with several projects launching in '06

- **Germany and Japan:** Launching of Accumulator (AXA Equitable's product)

# We are upgrading and expanding our distribution networks

Grow existing distribution networks

- **AXA France**: Development of the Specialized Life Agents network (+8% to 630 at end 2005)

Improve their productivity

- **AXA Equitable**: MONY: Retention of 75% of best producers

Launch and develop new platforms & distribution channels

- **AXA Japan**: Distribution agreements with Mitsui Life and Asahi Life

# We are improving the responsible behavior of our company

Promotion of equal opportunities

- **AXA France**: Set up of diversity guidelines and application of anonymous CV

Responsible relations with suppliers

- **Purchase**: Contractual clause that imposes the respect of human rights

Environmental management of AXA sites

- **AXA France**: Reduction of paper consumption by 44%

Societal behavior of the company

- **Corporate sponsorship**: social (AXA Atout Cœur), societal (education and prevention) and cultural
- **Micro-finance**: investments in international funds

# We are integrating sustainable development into the heart of our business

Improve the prevention aspect of our P&C product lines

- **AXA Corporate Solutions:** Training on safe driving techniques for 40.000 employees who work for commercial clients

Offer innovative solutions for retirement

- **AXA Equitable:** At retirement
- **AXA France:** Retirement Coaching

Promote responsible investing

- **AXA Investment Managers and AllianceBernstein:** Governance guidelines, proxy voting
- **Own account investments:** application of the Ottawa Convention on anti-personnel landmines

# Our 2005 performance is a first success on the road to 2012...

	Growth 2004 - 2005	Ambition 2012
Life & Savings APE <sup>(1)</sup>	+11%	😊
P&C revenues <sup>(1)</sup>	+3%	😐
Asset Management Revenues <sup>(1)</sup>	+14%	😊
Underlying earnings <sup>(2)</sup>	+24%	😊



- (1) On a comparable basis
- (2) At constant exchange rate

# [...and 2006 is off to a promising start

- Positive momentum in Life & Savings, notably in France, the US and Japan, and in Asset Management
- Tail wind in average AUM and unit-linked assets from net inflows and financial markets
- P&C operations should benefit from top line growth, claims management initiatives and improved investment income

**Our 2005 performance and the launch of our 2012 ambition give us confidence in the future of our business and proud of the achievements of our teams.**

# [ Observations of the Supervisory Board

**Claude Bébéar**

**Chairman of the Supervisory  
Board**

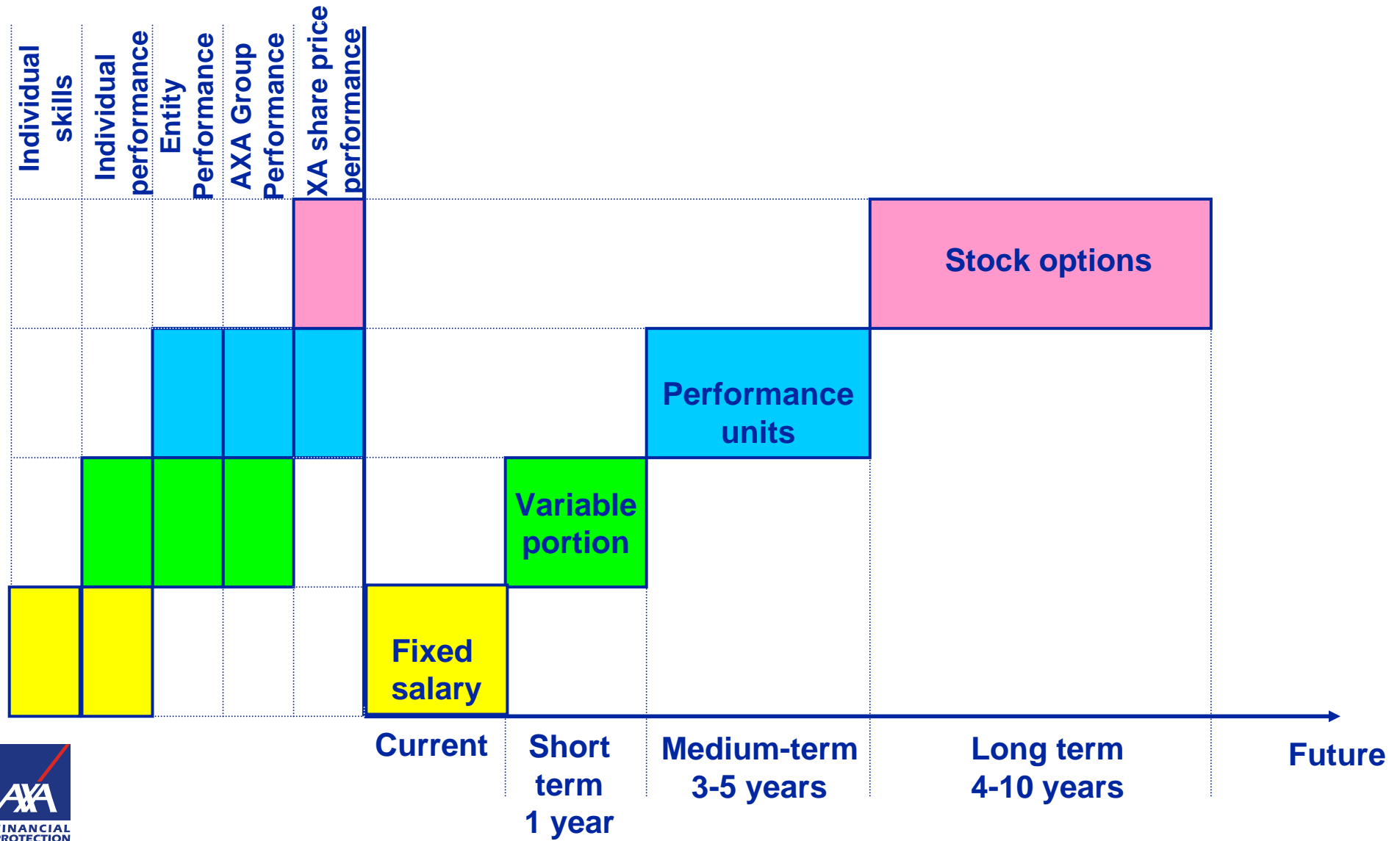
# [ Observations of the Supervisory Board

- Presentation of the Supervisory Board's observations
- Management compensation policy

# Objectives of the compensation policy

- To align the interests of our staff with those of our shareholders
- To ensure that aggregate compensation moves in line with the company's financial performance
  - Fixed salaries between the market's lower quartile and median
  - Variable compensation allowing employees to attain the market's third quartile if they perform very well
- Rewarding individual and collective performance
  - Group, entity, individual
  - Short term, medium term, long term
- Being competitive in the national and international markets
- Attracting the best talents, motivating them, ensuring that they work together and boosting their loyalty. These talented staff are able to provide high-quality service to customers at lower cost, thereby boosting AXA's value.

# Performance-related compensation



# Stock options

- AXA has been granting stock options since 1989
- Strike prices are based on share prices, with no discount
- Options have a 10-year life and vest in three equal lots as of the second anniversary of the grant
- Individual stock option grants take into account:
  - the importance of the position
  - the importance of the individual in the position
  - the importance of the individual in the future
  - the quality of the individual's contribution
- In 2005:
  - 12,377,340 options to buy newly issued shares (0.65% of the capital) were granted to 3,156 beneficiaries and 1,852,811 options to buy existing shares (0.1% of the capital) were granted to 960 beneficiaries in the USA
  - 21% of options were granted to 12 Executive Committee members
  - 5% of options were granted to the Chairman of the Management Board

# Performance units and Performance shares

- In 2005, option grants were reduced and partly replaced by grants of "performance units" outside France and "performance shares" in France, representing grants of free shares subject to performance conditions.
  - 919,394 "Performance units" were granted to 1,707 employees outside France
  - 727,945 "Performance shares" were granted to 1,154 employees in France
  - These performance units and shares are subject to collective (group and entity) performance conditions for a period of two years. The number of units or shares actually granted may vary between 0% and 130% of the initial grant. Performance shares must be kept for an additional 2-year period.

# Stock options and performance units/shares

	Type of grant	Total volume (stock option equivalent)	% of capital	Number of beneficiaries
2003	<b>Stock options</b>	<b>22,456,914</b>	<b>1.10%</b>	<b>3,146</b>
2004	<b>Stock options + Performance units *</b>	<b>20,771,584</b>	<b>0.91%</b>	<b>3,931</b>
2005	<b>Stock options + Performance units * + Performance shares *</b>	<b>19,084,299</b>	<b>0.82%</b>	<b>4,116</b>

(\* ) Performance units and performance shares are subject to collective (group and entity) performance conditions during the vesting period

# Compensation of the Chairman of the Management Board

- The Chairman of the Management Board's compensation consists of:
  - a fixed salary of €500,000 (unchanged since his appointment in 2000)
  - variable compensation, with a target of €2,000,000
- Actual variable compensation paid in the last six years is as follows:

■ 2001:	€1,381,373
■ 2002:	€719,967
■ 2003:	€1,419,277
■ 2004:	€1,824,728
■ 2005:	€2,304,277
■ 2006:	€2,525,141

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